



AR30

Bridge & Tank
COMPANY OF CANADA LIMITED

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Annual Report 1975



DIRECTORS

W. A. Andres, *Toronto*
G. F. Campbell, *Toronto*
H. B. Martin, *Toronto*
H. C. Rynard, *Toronto*
Harold Tanenbaum, *Toronto*
Howard Tanenbaum, *Toronto*
Joseph M. Tanenbaum, *Toronto*
Max Tanenbaum, *Toronto*

OFFICERS

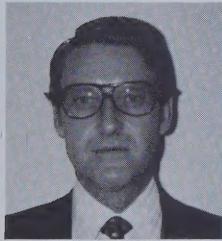
Harold Tanenbaum — *Chairman of the Board*
Joseph M. Tanenbaum — *President*
Ian S. MacDonald — *Vice-President, Marketing*
J. Bracewell — *Secretary and Treasurer*

TRANSFER AGENTS

ROYAL TRUST COMPANY



Since the date of our first major contract 100 years ago the Company has been successfully melding mind with machinery. Combined with experience, skill and know how, the result has been a team effort unmatched anywhere in Canadian industry.



IAN S. MACDONALD,
Vice-President, Marketing



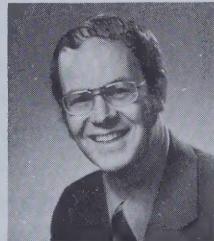
J. W. McDougall,
Assistant to the President



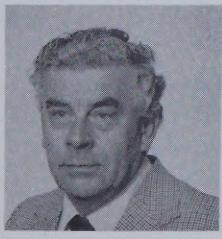
JOSEPH M. TANENBAUM,
President



J. BRACEWELL,
Secretary and Treasurer



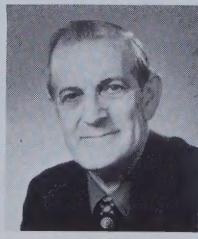
W. H. FINK,
Manager, Engineering



F. DRING,
Manager, Bridge & Tank
Western Division



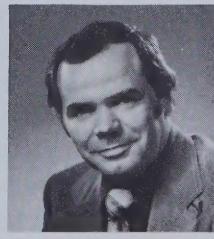
W. WHEAT,
Production Manager



A. D. WILLIAMSON
Mechanical Sales Manager



G. S. SCOTT,
Structural Sales Manager



R. M. CORDINER,
Manager, Foran's Crane
& Equipment Service Limited

**TEAM EFFORT –
OUR MOST IMPORTANT ASSET**





**REPORT
TO THE
SHAREHOLDERS**



HAROLD TANENBAUM,
Chairman of the Board



JOSEPH M. TANENBAUM,
President

On behalf of the Directors, I submit herewith the audited Consolidated Financial Statements of the company and its subsidiaries for the year ending December 31, 1975.

Consolidated net earnings for the year, the highest since 1959, were \$786,523. (66¢ per common share after preferred share dividends) on sales of \$17,877,365. compared to net earnings of \$81,001. on sales of \$19,847,254. for 1974.

All divisions operated profitably with earnings in the Hamilton Bridge and Western divisions substantially improved over the previous year while earnings in the crane rental division were similar to 1974. The improvement in earnings resulted from contracts with more satisfactory prices being closed, and the reduction in operating costs plus improved production efficiency following the reorganization initiated by Mr. Joseph M. Tanenbaum who assumed the duties of President of the Company on May 1, 1975.

Concurrent with this reorganization, a program of expanding and updating the production facilities has provided the company with one of the most modern machining and fabricating facilities in the industry. Capital expenditures were \$1,975,948. principally on new machining facilities in the Hamilton plant and a rough terrain crane in the crane rental division. With the additional production capabilities resulting from this capital program, the company is now well equipped to produce a wide variety of heavy steel fabrications, large capacity overhead cranes, and a wide range of custom designed machinery and equipment.

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Under at Jan.

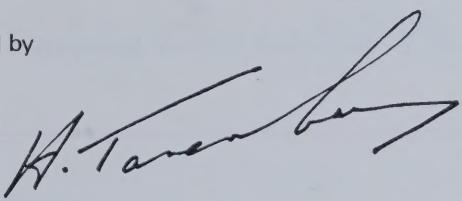
The company enters 1976 with a backlog of \$8,500,000. in the Hamilton Division and \$1,000,000. in the Western Division. An intensive program to promote the company's engineering and production capabilities has been initiated under the direction of Mr. Ian S. MacDonald who was appointed Vice-President, Marketing, effective February 27, 1976. As a result of this program the number of enquiries has substantially increased and we are confident this will result in additional profitable bookings.

The contract with the United Steelworkers of America covering the plant personnel in the Hamilton Bridge and Western divisions come up for renewal June 1, 1976. With a concentrated effort on both sides, we anticipate a suitable agreement can be obtained.

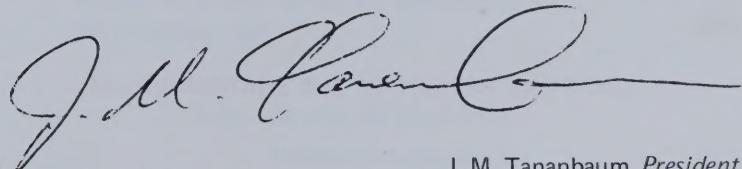
The company and its subsidiaries are subject to the Anti-Inflation Act and Regulations which became effective October 14, 1975. While the company is co-operatnig fully with the act and the anti-inflation program, the lack of similar restraints on the part of the Federal Government expenditures is disappointing. The non productive spending by Governments at all levels must be drastically reduced and the Government must reverse the trend of large deficits and set an example for all Canadians to follow.

I wish to thank the Board of Directors, Management and employees for their sincere efforts during the past year.

Submitted by



H. Tanenbaum, Chairman of the Board



J. M. Tanenbaum, President



BRIDGE & TANK COMPANY OF CANADA LIMITED AND SUBSIDIARY COMPANIES

ASSETS

CURRENT ASSETS:

	<u>1975</u>	<u>1974</u>
Cash	\$ 213,048	\$ 126,194
Accounts and notes receivable	3,109,124	3,963,863
Due from parent company	319,958	63,272
Income taxes recoverable	—	73,586
Inventories:		
Contracts and other work in process	3,099,300	3,077,749
Raw materials and stores	2,833,225	2,336,080
	<u>5,932,525</u>	<u>5,413,829</u>
Marketable securities at cost (market value 1975 and 1974 \$353,710)		
Available for contract and other deposits	353,403	337,783
Contract and other deposits	70,290	85,910
	<u>423,693</u>	<u>423,693</u>
Prepaid expenses	56,655	16,173
TOTAL CURRENT ASSETS	10,055,003	10,080,610
Mortgage receivable	—	30,726
Funds provided for the purchase of preference shares (note 5)	100,000	100,000
Property, plant and equipment, less depreciation (note 2):		
Buildings, machinery and equipment	14,068,444	12,631,509
Less accumulated depreciation	7,158,766	6,950,939
	<u>6,909,678</u>	<u>5,680,570</u>
Land	171,850	171,850
	<u>7,081,528</u>	<u>5,852,420</u>
Excess of cost of investment in a wholly-owned subsidiary over underlying net book value at date of acquisition	216,845	216,845
Financing and organization expenses, less amounts written off	1,390	1,390
	<u>\$17,454,766</u>	<u>\$16,281,991</u>

See accompanying notes to consolidated financial statements.

AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Bridge & Tank Company of Canada Limited and subsidiary companies as of December 31, 1975 and the consolidated statements of earnings, retained earnings and changes in financial position for the year then ended. Our examination of the financial statements of Bridge & Tank Company of Canada Limited and those subsidiaries of which we are the auditors included a general review of the accounting procedures and such tests of

CONSOLIDATED BALANCE SHEET, DECEMBER 31, 1975 WITH COMPARATIVE FIGURES FOR 1974

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES:

	<u>1975</u>	<u>1974</u>
Bank indebtedness, secured (note 3)	\$ 2,922,068	\$ 4,596,312
Accounts payable and accrued charges	2,422,515	1,968,301
Advance billings on uncompleted contracts	1,647,732	1,136,953
Income taxes payable	47,601	—
Other taxes payable	186,049	260,237
Deferred income taxes	667,500	647,969
Long term debt due within one year (note 4)	<u>258,846</u>	<u>—</u>
TOTAL CURRENT LIABILITIES	8,152,311	8,609,772

Long term debt (note 4)	390,491	—
Deferred income taxes	552,600	6,529

Shareholders' equity:

Capital stock (note 5):		
\$2.90 Sinking Fund Preference shares	1,600,850	1,600,850
Common shares	<u>1,815,166</u>	<u>1,815,166</u>
Amount arising from appraisals of fixed assets, unchanged during the year	3,416,016	3,416,016
Retained earnings (note 6)	<u>746,669</u>	<u>746,669</u>
	<u>4,196,679</u>	<u>3,503,005</u>
	<u>8,359,364</u>	<u>7,665,690</u>

Commitments (note 7)

On behalf of the Board:
 Harold Tanenbaum, *Director*
 Joseph M. Tanenbaum, *Director*

\$17,454,766 \$16,281,991

accounting records and other supporting evidence as we considered necessary in the circumstances. We have relied on the report of the auditors who have examined the financial statements of one subsidiary.

In our opinion, these consolidated financial statements present fairly the financial position of the company and subsidiary companies as of December 31, 1975 and the results of their operations and the changes in their financial position for the

year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.
 Chartered Accountants

Hamilton, Ontario February 11, 1976



**CONSOLIDATED STATEMENT OF EARNINGS
YEAR ENDED DECEMBER 31, 1975 WITH COMPARATIVE FIGURES FOR 1974**

	<u>1975</u>	<u>1974</u>
Sales	\$17,877,365	\$19,847,254
Costs, including selling and administrative expenses	15,292,835	18,464,883
Depreciation	706,166	589,668
Direct remuneration of directors and senior officers	<u>171,468</u>	<u>198,671</u>
Operating profit	<u>16,170,469</u>	<u>19,253,222</u>
Other income:		
Income from sundry investments	52,827	44,642
Gain on disposal of property, plant and equipment	<u>96,098</u>	<u>20,246</u>
Other expenses:		
Interest on long term debt and financing expenses	2,000	7,042
Other interest	<u>429,296</u>	<u>445,144</u>
Earnings before income taxes and extraordinary item	<u>431,296</u>	<u>452,186</u>
Income taxes:		
Current (recoverable)	72,400	(148,016)
Deferred	<u>565,602</u>	<u>273,500</u>
Earnings before extraordinary item	<u>638,002</u>	<u>125,484</u>
Extraordinary item arising from disposal of former subsidiaries:		
Gain on sale of property and equipment net of applicable taxes	—	7,830
Loss on sale of shares	—	(8,079)
Net earnings for the year	<u>—</u>	<u>(249)</u>
Net earnings for the year	<u>\$ 786,523</u>	<u>\$ 81,001</u>
Earnings (loss) per common share (after deducting preference share dividend requirement)	<u>\$.66</u>	<u>(.01)</u>

See accompanying notes to consolidated financial statements.

**CONSOLIDATED STATEMENT OF RETAINED EARNINGS
YEAR ENDED DECEMBER 31, 1975 WITH COMPARATIVE FIGURES FOR 1974**

	<u>1975</u>	<u>1974</u>
Retained earnings at beginning of year:		
As previously reported	\$ 3,503,005	\$ 3,482,701
Adjustment in inventory values of prior years' net of income taxes of \$24,000	—	32,152
As restated	<u>3,503,005</u>	<u>3,514,853</u>
Net earnings for the year	<u>786,523</u>	<u>81,001</u>
Dividends on preference shares	4,289,528	3,595,854
Retained earnings at end of year	<u>92,849</u>	<u>92,849</u>
	<u>\$ 4,196,679</u>	<u>\$ 3,503,005</u>

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 1975 WITH COMPARATIVE FIGURES FOR 1974

	1975	1974
Funds provided:		
Net earnings for the year	\$ 786,523	\$ 81,001
Add (deduct) items not requiring (providing) working capital during the year:		
Depreciation	706,166	589,668
Deferred income taxes	546,071	(374,469)
Gain on sale of property, plant and equipment	(96,098)	(36,615)
Loss on sale of investments in shares of subsidiary companies	-	8,079
Other	-	5,448
Working capital provided by operations	<u>1,942,662</u>	273,112
Long term debt incurred	649,337	-
Proceeds from sale of property, plant and equipment	136,772	271,191
Proceeds from sale of shares of subsidiary companies	-	200,000
Reduction in mortgage receivable	30,726	7,787
Total funds provided	<u>2,759,497</u>	<u>752,090</u>
Funds applied:		
Working capital of subsidiary companies sold	-	149,769
Purchase of property, plant and equipment	1,975,948	1,536,577
Reduction of long term debt	258,846	-
Dividends on preference shares	92,849	92,849
Total funds applied	<u>2,327,643</u>	<u>1,779,195</u>
Increase (decrease) in working capital	431,854	(1,027,105)
Working capital at beginning of year	<u>1,470,838</u>	<u>2,497,943</u>
Working capital at end of year	<u>\$ 1,902,692</u>	<u>\$ 1,470,838</u>

See accompanying notes to consolidated financial statements.



BRIDGE & TANK COMPANY OF CANADA LIMITED AND SUBSIDIARY COMPANIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 1975

1. Summary of significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements at December 31, 1975 include the accounts of the company and all subsidiary companies.

(b) Revenue recognition:

The company recognizes revenue from contracts generally on the percentage of completion basis, determined by the ratio of costs incurred to management's estimates of total anticipated costs. If estimated total costs on any contract indicate a loss, the company provides currently for the total loss anticipated on the contract.

(c) Inventories:

Contracts and other work in process are valued at the lower of cost or net realizable value.

Raw materials and stores are valued at the lower of cost or replacement value.

(d) Depreciation and retirements:

Depreciation is provided on buildings, machinery and equipment on a straight line basis over the estimated useful lives of those assets. The annual rates of depreciation used are as follows:

Buildings	2½% or 5% depending on construction
Roadways	2%
Machinery and equipment	10% to 12½%
Automotive equipment	15%
Jigs and dies	50%

On the sale or retirement of items of property, plant and equipment the cost and related accumulated depreciation are eliminated from the accounts and the gain or loss is reflected in income.

(e) Income taxes:

The company follows the tax allocation method of accounting for income taxes which makes full provision for such taxes on all reported income. The accumulated tax allocation credits arising from timing differences that relate to current assets and current liabilities (revenues and costs on uncompleted contracts) are grouped with current liabilities although they do not become payable until the year following completion of the contract.

An investment tax credit of approximately \$60,400 is available to reduce federal income taxes payable to 1980.

(f) Pension plans:

The company maintains two pension plans. Substantially all employees are eligible to join one of the two plans and the majority of the employees are covered by the plans. The company's current and past service contributions to the plans for the year ended December 31, 1975 amounted to \$275,400 which has been charged to operations.

(g) It is not proposed at this time to amortize the excess of cost of investment in a wholly-owned subsidiary over the underlying net book value at date of acquisition.

2. Property, plant and equipment less accumulated depreciation:

Buildings, machinery and equipment:

On the basis of an appraisal report by Stone & Webster Engineering Corporation, dated January 29, 1954, with subsequent additions at cost, less accumulated depreciation \$4,231,238	\$5,804,813
At cost, less accumulated depreciation \$2,844,320	1,080,406
At values determined by the Board of Directors of a subsidiary company, as of August 31, 1955, with subsequent additions at cost, less accumulated depreciation \$83,208	24,459
	<u>\$6,909,678</u>

Land:

On the basis of an appraisal report by Lounsbury & Lounsbury Ltd., dated January 18, 1954	\$ 117,600
At cost	54,250
	<u>\$ 171,850</u>

3. Bank indebtedness:

The bank indebtedness is secured by a general assignment of book debts, inventories under Section 88 of the Bank Act, marketable securities, and a floating charge on other assets.

4. Long term debt:

The long term debt is made up as follows:	
Four 6% chattel mortgages maturing on various dates during 1978. Required principal repayments are \$231,645 in 1976 and \$181,645 in 1977 and 1978.	\$ 594,937
An 8% conditional sales contract maturing on November 1, 1976 and requiring blended payments of principal and interest of \$31,552 on November 1, 1976 and \$29,376 on November 1, 1977.	54,400
Less amount due within one year	649,337
	258,846
	<u>\$ 390,491</u>

5. Capital stock:

	<u>Shares</u>	<u>Amount</u>
Authorized:		
Preference shares, par value \$50 each	192,467	
Less redeemed to date	450	
Authorized for issuance	<u>192,017</u>	
Common shares of no par value	3,000,000	
Issued:		
\$2.90 Sinking Fund Preference shares	32,467	\$ 1,623,350
Less redeemed to date	450	22,500
Issued and outstanding	<u>32,017</u>	<u>\$ 1,600,850</u>
Common shares issued and outstanding	1,043,694	\$ 1,815,166

(b) The issued preference shares are non-participating and carry a fixed cumulative dividend of \$2.90 per share per annum. The shares are redeemable at \$51 per share.

(c) Under the terms of the sinking fund provisions in respect of the issued preference shares, the company has set aside \$100,000 in cash to be used for the purchase of preference shares for cancellation.

6. Dividend arrears:

Dividend arrears on the \$2.90 Sinking Fund Preference shares are \$8.70 per share or \$278,548, unchanged during the year.

7. Commitments:

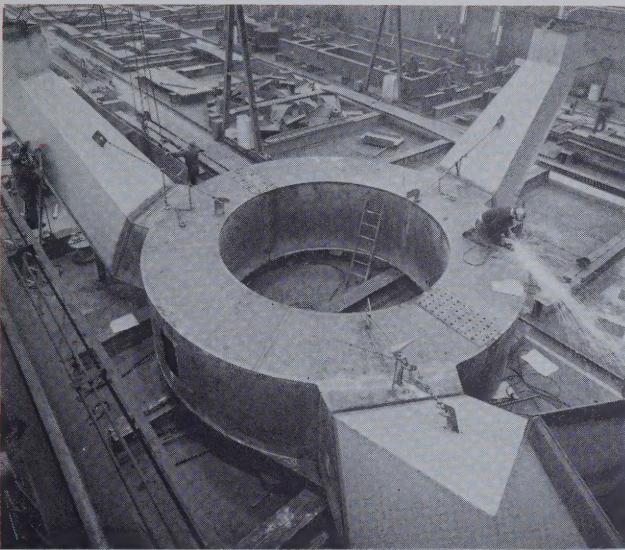
(a) Capital commitments at December 31, 1975 amount to approximately \$184,000.

(b) The unfunded liability for past service costs under the companies' pension plans is approximately \$726,000 at December 31, 1975 (1974; \$817,000) based on actuarial studies made as at December 31, 1974. The amount of \$726,000 is being funded at the rate of \$85,000, including interest, during 1976 and thereafter at the rate of \$78,000, including interest, to December 31, 1989.

8. Anti-Inflation Act:

The company and its subsidiaries are subject to the Anti-Inflation Act and Regulations which became effective on October 14, 1975. As a result the ability to increase prices, profit margins, compensation and to pay preferred dividends is restricted. Preferred dividend payments during the twelve months ending October 14, 1976 will be restricted to the dividend arrears plus the annual rate of \$2.90 per share.

9. Certain comparative figures for 1974 have been restated to conform to the presentation used in 1975.



HAMILTON BRIDGE DIVISION

OFFICES AND PLANT:
390 Gage Avenue North,
Hamilton, Ontario.

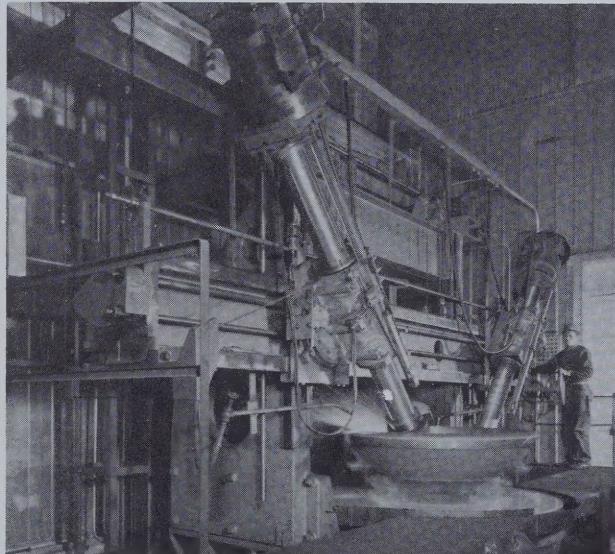
PARTIAL LIST OF PRODUCTS:
Bridges, Tank and Plate Work,
Structural Steel, Long Span Joists,
Bins, Storage Tanks, Alliance Cranes,
Custom Machine Shop Services.

WAREHOUSE STEEL DIVISION:
Beams, Channels, Angles, Plates,
Floor Plates, Round and
Flat Bars.

BRIDGE & TANK WESTERN DIVISION

50 Vulcan Avenue,
Winnipeg, Manitoba.

PARTIAL LIST OF PRODUCTS:
Structural Steel and Bridge
Fabrication, General Plate
Fabrication, Conveying and
Material Handling Equipment,
Miscellaneous Iron, and Custom
Machine Work.



FORAN'S CRANE & EQUIPMENT SERVICE LIMITED

449 Woodward Ave.,
Hamilton, Ontario.
Provides a complete crane rental
service. Equipment ranges from
5 ton to 140 ton capacity, on
wheeled and crawler machines.
Services include steel and cement
hoisting, machinery moving.



ERECTING 1700 TONS CONTINUOUS PLATE GIRL
DER SPANS OVER ATHABASCA RIVER FOR
SYNCRUDE TAR SANDS DEVELOPMENT.